



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

VIA ELECTRONIC AND FIRST CLASS MAIL

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JUN 06 2019

RE: MUR 7221
Karen Hughes

Dear Messrs. Parks and Razi:

On May 30, 2019, the Federal Election Commission accepted the signed conciliation agreement submitted on your client's behalf in settlement of a violation of 52 U.S.C. § 30122, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter.

Documents related to the case will be placed on the public record within 30 days. *See* Disclosure of Certain Documents in Enforcement and Other Matters, 81 Fed. Reg. 50,702 (Aug. 2, 2016). Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. *See* 52 U.S.C. § 30109(a)(4)(B).

Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that the civil penalty is due within 30 days of the conciliation agreement's effective date. If you have any questions, please contact me at (202) 694-1577.

Sincerely,

Nicholas O. Mueller
Attorney

Enclosure
Conciliation Agreement

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8 This matter was initiated by a *sua sponte* submission (the "Submission") made to the
9 Federal Election Commission (the "FEC" or "Commission") by Mepco Holdings, LLC
10 ("Mepco") and its parent company, Longview Intermediate Holdings C, LLC ("Longview").
11 The Commission found reason to believe that Karen Hughes ("Respondent") knowingly and
12 willfully violated 52 U.S.C. § 30122 of the Federal Election Campaign Act of 1971, as amended
13 (the "Act").

14 **NOW, THEREFORE, the Commission and Respondent, having participated in informal**
15 **methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as**
16 **follows:**

17 I. The Commission has jurisdiction over Respondent and the subject matter of this
18 proceeding, and this Agreement has the effect of an agreement entered pursuant to 52 U.S.C.
19 § 30109(a)(4)(A)(i).

20 II. Respondent has had a reasonable opportunity to demonstrate that no action should
21 be taken in this matter.

22 III. Respondent enters voluntarily into this Agreement with the Commission.

23 IV. The pertinent facts and legal provisions in this matter are as follows:

1 Applicable Law

2 1. The Act prohibits any person from making a contribution in the name of another
3 or knowingly permitting his or her name to be used to effect such a contribution. 52 U.S.C.
4 § 30122; *see also* 11 C.F.R. § 110.4(b)(1)(i)-(ii).

5 Facts

6 2. Mepco is a West Virginia coal company that was headed by President and CEO
7 James Laurita, Jr. during the relevant period, 2009 through 2013. Laurita, who was also a
8 minority owner, managed the company with the assistance of executives.

9 3. Hughes was Mepco's Secretary/Treasurer during the relevant time period. She
10 was responsible for managing the company's payroll and benefits.

11 4. On March 4, 2010, Laurita sent an email to the Mepco executives, setting up a
12 meeting to discuss "elections, and our support for particular candidates." At the meeting, held on
13 March 5, 2010, Laurita spoke about increased regulation of the coal industry and presented a
14 plan whereby the executives would make contributions to pro-coal candidates and then receive
15 compensation from Mepco so they could afford to make the contributions.

16 5. Shortly after the March 5, 2010, meeting, Laurita approached Hughes to discuss
17 how the political contribution program would operate. Laurita told Hughes that he would give
18 her the names of the candidates and the requested contribution amounts, and Hughes would
19 communicate this information to the Mepco executives and collect their contribution checks.
20 Laurita directed Hughes to initiate "bonus" payments to compensate the Mepco executives for
21 making the contributions. Hughes asked Laurita whether the bonus payments should be "grossed
22 up" so that the after tax amount would match the full amount of the contributions and Laurita
23 agreed, directing her to gross up the payments.

1 6. Mepco's political reimbursement program followed a general pattern: Laurita
2 decided the candidates and amounts and passed this information to Hughes who, in turn, notified
3 the executives, attaching copies of any relevant campaign materials or donor cards. Hughes then
4 collected their checks and forms, unless the donations were made online. Laurita often requested
5 not just that the executives themselves make contributions, but also that their spouses contribute
6 as well, and their contributions were included in the reimbursement payments. The contributions
7 were often connected to fundraising events, which were sometimes attended by Laurita and the
8 executives. Laurita personally hosted several of these campaign fundraisers.

9 7. Hughes was generally responsible for administering certain aspects of the
10 program, including keeping detailed records of all contributions and reimbursements, actively
11 monitoring the executive's giving, and determining when and how much to reimburse executives
12 for their contributions. When Hughes inserted the reimbursements in Mepco's system, she
13 recorded them as a "bonus" without any other annotation. In two instances, Hughes sent emails
14 to the executives in which she instructed them to "delete" the emails. The emails indicated that
15 the executives would be receiving reimbursements for their political contributions

16 8. All federal political contributions made in the names of the Mepco executives and
17 their spouses between 2010 and 2013 were made at Laurita's behest with funds either advanced
18 or reimbursed by Mepco. Hughes was reimbursed for 19 contributions totaling \$29,593.52.

19 9. In early 2013, facing certain financial difficulties at Mepco, which ultimately led
20 to bankruptcy filings later that year, Laurita decided to end the program, after which none of the
21 executives made contributions in their personal capacities. On August 30, 2013, Mepco and
22 certain of its affiliates, including Longview, filed petitions for Chapter 11 bankruptcy. In the
23 course of reviewing Mepco's executive compensation records, the law firm representing Mepco

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1 in the bankruptcy proceeding discovered the contribution reimbursement program. On
2 November 17, 2013, Mepco and Longview filed the Submission, notifying the Commission of
3 the program's existence. On January 29, 2014, Hughes joined in the Submission.

4 V. Respondent violated 52 U.S.C. § 30122 by knowingly permitting her name to be
5 used to effect a contribution in the name of another.

6 VI. Respondent will take the following actions:

7 1. Pay a civil penalty to the Commission in the amount of nine thousand dollars
8 (\$9,000), pursuant to 52 U.S.C. § 30109(a)(5)(A).

9 2. Cease and desist from violating 52 U.S.C. § 30122.

10 VII. The Commission, on request of anyone filing a complaint under 52 U.S.C.
11 § 30109(a)(1) concerning the matters at issue herein or on its own motion, may review
12 compliance with this Agreement. If the Commission believes that this Agreement or any
13 requirement thereof has been violated, it may institute a civil action for relief in the United States
14 District Court for the District of Columbia.

15 VIII. This Agreement shall become effective as of the date that all parties hereto have
16 executed same and the Commission has approved the entire Agreement.

17 IX. Respondent shall have no more than thirty (30) days from the date this
18 Agreement becomes effective to comply with and implement the requirements contained in this
19 Agreement and to so notify the Commission.

20 X. This Conciliation Agreement constitutes the entire agreement between the parties
21 on the matters raised herein, and no other statement, promise, or agreement, either written or
22 oral, made by either party or by agents of either party, that is not contained in this written
23 Agreement shall be enforceable.

1 FOR THE COMMISSION:

2 Lisa J. Stevenson
3 Acting General Counsel

4 BY:

5 
Charles Kitcher

6 Acting Associate General Counsel for Enforcement

6/4/19
Date

7 FOR THE RESPONDENT:

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9 
Zachary Parks, Esq.

10 Attorney for Karen Hughes

4-22-2019
Date